

MEMORANDUM

**Date:** March 2004

**To:** Interested Parties

**From:** CDIAC

**Subject:** Updated *Local Agency Investment Guidelines*

Enclosed is a copy of the *Local Agency Investment Guidelines: Update for 2004 (2004 Update)*. This document reflects state law changes effective January 1, 2004, and should be used to replace those Government Code sections in CDIAC's *Local Agency Investment Guidelines: Update for 2003 (2003 Update)*. In addition, this document contains a revised Table of Contents for previous changes made in 2003.

The enclosed document reflects the following changes to Government Code Sections 16429.1, 16429.4, 53601, and 53635:

- 16429.1 (a): This has been revised to reflect that the Local Agency Investment Fund is in trust in the custody of the State Treasurer.
- 16429.1 (l): Adds State Treasurer, the Controller, and the Department of Finance as state agencies to receive reimbursements for costs incurred in performing the provisions stated in Section 16429.1.
- 16429.4: This new section states, "The right of a city, county, city and county, special district, nonprofit corporation, or qualified quasi-governmental agency to withdraw its deposited moneys from the Local Agency Investment Fund, upon demand, may not be altered, impaired, or denied, in any way, by any state official or state agency based upon the state's failure to adopt a State Budget by July 1 of each new fiscal year."
- 53601: Nationally Recognized Statistical-Rating Organization (NRSRO) was added in place of S&P, Moody's, and Fitch Financial Services, Inc. Also, additional criteria for the entity issuing commercial paper were included.
- 53635: Adds term "local agency" and (b), which includes information on concentration limits for the City of Los Angeles.

The *2004 Update* is not a complete document; it reflects only those sections that have been revised from the *Local Agency Investment Guidelines: Update for 2002 (2002 Update)*, which is the complete text, and the *2003 Update*. If you do not have a copy of the *2002 Update* or the *2003 Update*, you may obtain them by visiting CDIAC's web site at [www.treasurer.ca.gov/cdiac](http://www.treasurer.ca.gov/cdiac) or by contacting CDIAC at (916) 653-3269.

Enclosure



# Local Agency Investment Guidelines: Update for 2004

(Reflects State Law Changes Effective January 1, 2004)

## **CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION**

The California Debt and Investment Advisory Commission was created in 1981 to assist state and local governments to most effectively and efficiently issue, monitor and manage public debt. In 1995, the Commission's responsibilities were expanded to include a municipal education program to help local governments to safely and effectively invest public funds. To carry out its responsibilities, the Commission maintains a database of all public debt issued in California, conducts a continuing education program, publishes a monthly newsletter with debt issuance data and informative articles, and conducts research to develop reports, guidelines and briefs on topical issues related to public debt issuance and investment practices.

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California State Treasurer and Chair

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or

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State Senator

### **Judy Chu**

State Assemblymember

### **Susan Leal**

Treasurer

City & County of San Francisco

### **Donna Linton**

Assistant County Administrator

County of Alameda

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### **Lisa M. Harris**

Executive Director

CDIAC

Additional information concerning this report or the programs of the California Debt and Investment Advisory Commission may be obtained by calling (916) 653-3269 or by visiting the Commission's website at [www.treasurer.ca.gov/cdiac](http://www.treasurer.ca.gov/cdiac).



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